

Minneapolis Community Development Agency

Request for City Council Action

Date: July 29, 2003

To: Council Member Lisa Goodman, Community Development Committee

Prepared by Bob Lind, Manager, Business Finance, Phone 612-673-5068

Approved by Lee Sheehy, MCDA Executive Director
Chuck Lutz, MCDA Deputy Executive Director _____

Subject: Receive and File Report on the Minneapolis Council of Economic Advisors

Previous Directives: None. The Minneapolis Council of Economic Advisors (MCEA) is a newly created advisory group.

Ward: City-wide.

Neighborhood Group Notification: N.A.

Consistency with *Building a City That Works*: The creation of the MCEA is consistent with Goals 5 and 6 of participating in partnerships to achieve common community development objectives and managing existing financial resources effectively.

Comprehensive Plan Compliance: N.A.

Zoning Code Compliance: N.A.

Impact on the MCDA Budget:

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

Living Wage/Business Subsidy: N.A.

Job Linkage: N.A.

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Affirmative Action Compliance: N.A.

RECOMMENDATION:

City Council Recommendation: The Executive Director recommends that the City Council receive and file this report.

On February 7, 2003 a City Council Economic Development Study Session was held. One recommendation that came out of the study session was the creation of a group of economic advisors to advise the City Council and Mayor on economic conditions affecting the city. A group of economists has been gathered and the first organizational meeting of the Minneapolis Council of Economic Advisors (MCEA) was held on July 15, 2003. Attached are minutes from that meeting as well as a membership list of the MCEA.

The next step is that the group collectively decided to gather additional economic indicators and to meet internally in September. Following this meeting the MCEA would want to schedule the first of what will become regular presentations to the City Council and Mayor on economic trends in Minneapolis.

Attachments: Minutes of the July 15 MCEA Meeting
Membership List of MCEA

Minneapolis Council of Economic Advisors
Organizational Meeting
Tuesday June 15, 2003
Minneapolis City Hall, Room 241
9:00 – 10:30 a.m.

Meeting Minutes

Attendees: Mike Anderson (Franklin Bank), Andrea Lubov (Anton, Lubov, & Associates), Jim Paulsen (Wells Capital Management), Art Rolnick (Federal Reserve Bank of Minneapolis), Cecilia Bolognesi (City Planning Department), Bob Lind (MCDA), Chuck Lutz (MCDA), Chuck Ballentine (City Planning Department), Jennifer Schultz (MCDA)

1. Bob Lind welcomed the group and thanked everyone for attending. He and Chuck Lutz went on to explain how the group's start came out of a recommendation from the Economic Development City Council Study Session and the purpose of the group was to help guide policy makers in the decision making process by analyzing and interpreting data and indicators from the current market.
2. Cecilia Bolognesi gave an overview of the draft report "Minneapolis Trends-Quarterly Review of Socioeconomic & Housing Trends in Mpls. In 2002". She went over the indicators that were used.
3. Andrea Lubov presented some statistics that she had gathered on her own pertaining to the immigrant population and its effect on Minneapolis. She felt that more information was needed than what the Minneapolis Trends report provided. City is changing big time. Sharing some of the background information and trends is as important to the policy makers as is the raw data and indicators. The importance of Minneapolis' population becoming increasingly non-white, and the large number of people in poverty is not reflected in the Trends report. Chuck Lutz spoke of the transformative effect of immigrants and cited such examples as Eat Street and Lake Street businesses. Immigrants effect the city economically.
4. Art Rolnick asked the question of what is the role of city government in promoting economic development. Art believed that the role of city government should be to promote economic well being. The quality of the workforce, the poverty rate and, most importantly, the infrastructure should have the most importance. Art posed the question, "are we getting a good return on public dollars?" What is the goal of city government on economic well-being? We should look at businesses, the business environment and the quality of public services and infrastructure, analyze public expenditures and compare the results with other cities.

5. Chuck Ballentine asked if infrastructure is key, should the city worry about the schools? Should the city form partnerships with schools? Art Rolnick said that it is a question of focusing. He stressed the importance of starting with 3 and 4 year olds and making sure they're in preschool and kindergarten. He presented statistics that supported the idea of starting at the source, when children are young, there is a significant drop in crime (70%) and poverty rates for children who stay in school. This is a big public return on public dollars and should be an economic development strategy. We should be looking to improve the quality of the labor force and lower the poverty rate by investing in low-income families. Education is a highly profitable investment in the long run. What makes Minneapolis successful is the quality of its labor force. Is it going to change in the next 10 years?
6. Mike Anderson discussed school migrations. He said that the cause was unstability of the housing. Art Rolnick was skeptical if housing was, in fact, the cause. He stressed that a minimum level of income is needed and that mothers need to know about the earned income tax credit. Many mothers are not taking advantage of this. The government building housing doesn't solve the problem-people need a stable environment.
7. Andrea Lubov voiced a concern about the city expecting a lot from the school systems. She fears that if we invest too heavily in the 3 and 4 year olds, we risk losing the kids in the middle. Art Rolnick cited a study (conducted over many years) of the children of the children that were in school at ages 3 and 4 and there is a break in the poverty line. That should be part of the city's strategy. Unfortunately, it's not as visible as a building.
8. Bob Lind asked how do we get policy makers to consider more long term investments and less visible strategies. Art Rolnick suggested looking at other cities and look at what public policies worked in those cities to bring poverty down. Detroit was cited as a horrible example of what doesn't work, while Chicago was heralded for having a great infrastructure (flight to the city). There are lessons to be learned there.
9. Chuck Lutz discussed the decline of the trend of school age kids moving from Mpls. to the suburbs to attend school. Andrea Lubov suggested to Cecilia that the group takes a look at residential turnover by neighborhood-go back 5 years and then track it forward to the present.
10. Chuck Ballentine asked what should the infrastructure indicators be. Art Rolnick suggested that the ease of doing business in Mpls. should be one of them. Is there too much red tape? Is it too expensive? Andrea Lubov advised the group to come up with a list of what infrastructures should be used to measure our city. What does the city spend per capita?
11. The group collectively decided to gather more data, meet internally as a group in two months (September), and then set up a time to meet with the Mayor and City Council. The goal is a semiannual and/or annual state of the city economic presentation.

7/24/2003

Minneapolis Council of Economic Advisors

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